

**THE PERCEIVED RELATIONSHIPS BETWEEN
ORGANIZATIONAL CLIMATE AND JOB SATISFACTION
AMONG SOCIAL SECURITY ORGANIZATION
EMPLOYEES IN SARAWAK**

BY

PHILLIP SANGKAN

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DECLARATION

Name : PHILLIP SANGKAN
Matric Number : CGS 00005002

I, hereby declare that this project paper is the result of my own work, except for quotations and summaries, which have been duly acknowledged.

Signature:  Date: 1/12/06

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ABSTRACT

Abstract of project paper presented to the Senate of Open University Malaysia in fulfillment of the requirements for the degree of Master Of Management.

THE PERCEIVED RELATIONSHIP BETWEEN ORGANIZATIONAL CLIMATE
AND JOB SATISFACTION AMONG SOCSO EMPLOYEES IN SARAWAK.

By

PHILLIP SANGKAN

September 2005

Supervisor : Professor Dr. Raduan Che Rose

Faculty : Center For Graduate Studies

This study was to examine the perceived relationship between dimensions of organizational climate and job satisfaction among SOCSO employees. A total of sixty-two SOCSO staff constitutes the sample by using the random sampling method.

The study used self-administered structured questionnaire encompassing: Organizational Climate Instrument and Job Satisfaction Survey. Ten dimensions of organizational climate namely: Risk, identity and affective tone toward people, Reward, Individual autonomy, Accountability, Rules orientation, Individual performance standards,

Individual commitment, Organizational role, Organizational autonomy and Organizational standards are being used.

Perceived organizational climate shows contentment with the climate mentioned above except on reward. Whereas, perceived job satisfaction shows concern on the facets of pay, promotion, fringe benefits, contingent rewards and operating conditions but shown contentment on the supervision, communication, coworker and nature of work.

The organizational climate was found to have a moderate correlation; substantial positive relationship with job satisfaction ($r=0.571$, $p>0.0000$).

Though generalization of this study must be made in caution, the management should endeavor to devise positive organizational climate changes: redesigning jobs, favorable rewards and fringe benefits system, implementing a merit based promotion system, redefined rules and procedures, proper job descriptions and conducive working environment in order to enhance organizational effectiveness.

For future research studies, the same topic could be adopted but focusing on other services oriented agency, to compare different organizational climate that prevails therein. However, different approaches of analysis can be used and the climates dimensions are fine-tune so as to be more applicable to the context of the research study.

ABSTRAK

Abstrak kertas kerja yang dikemukakan kepada Senat University Terbuka Malaysia sebagai memenuhi sebahagian daripada keperluan untuk Ijazah Sarjana Pengurusan.

PERSEPSI HUBUNGAN DI ANTARA IKLIM ORGANISASI DENGANKEPUASAN KERJA DI KALANGAN PEKERJA-PEKERJA PERKESO DI SARAWAK

Oleh

PHILLIP SANGKAN

September 2005

Pengerusi : Professor Dr. Raduan Che Ros

Fakulti :Centre For Graduate Studies

Kajian ini dijalankan untuk menyelidik persepsi pekerja-pekerja PERKESO terhadap iklim organisasi dengan kepuasan kerja. Seramai 62 responden yang terdiri daripada kumpulan eksekutif dan bukan eksekutif telah dipilih sebagai sample melalui kaedah rawak.

Kajian menggunakan soal selidik berstruktur yang ditadbir sendiri oleh responden yang mengandungi peralatan kajian: Iklim Organisasi dan Kepuasan Kerja. Sepuluh dimensi iklim organisasi yang digunakan ialah: risiko, identity dan suasana suka terhadap manusia, ganjaran, autonomi individu, pertanggungjawapan, orientasi peraturan, prestasi piawai individu, komitmen individu, peranan organisasi, autonomi organisasi dan piawaian organisasi.

Persepsi iklim organisasi menunjukkan rasa puas hati responden terhadap dimensi-dimensi yang tersebut di atas, kecuali terhadap dimensi ganjaran. Manakala, persepsi kepuasan kerja menunjukkan keperihatinan terhadap aspek gaji, kenaikan pangkat, ganjaran sampingan, ganjaran kontigensi, dan keadaan operasi tetapi menunjukkan kepuasan terhadap aspek pengawasan, komunikasi, rakan sekerja dan bentuk kerja.

Iklim organisasi didapati mempunyai korelasi sederhana; perkaitan yang positif dengan kepuasan kerja ($r=0.571$, $p>0.0000$).

Pernyataan umum mengenai kajian ini seharusnya dibuat secara berwaspada. Namun demikian, pihak pengurusan PERKESO haruslah berusaha membentuk perubahan iklim positif: seperti kajian semula kerja, system ganjaran dan faedah yang baik, melaksanakan system kenaikan pangkat berdasarkan merit, kajian semula peraturan dan prosedur, deskripsi kerja yang komprehensif dan mewujudkan suasana kerja yang selesa. Ini adalah untuk meningkatkan keberkesanan organisasi.

Untuk kajian lanjut, adalah dicadangkan topik yang sama digunakan tetapi tumpuan diberikan kepada agensi-agensi kerajaan yang lain bagi membandingkan perbezaan dimensi iklim organisasi yang wujud. Namun demikian, pendekatan analisis yang berbeza digunakan dan dimensi-dimensi diperhalusi lagi untuk disesuaikan dengan konteks kajian.

CHAPTER 1

INTRODUCTION

1.0 Background

The management of the public sector has always been a priority for many Asian economies as they move to more professional management in government. The old concept of the “public service” connotes something for free and to be taken for granted. Public sector salaries in economies that experienced rapid growth in the 1980’s and 1990’s are still alarmingly low while private sector salaries boomed, and many of the top positions are still occupied by appointees with strong government connections.

The government has staked its political stability on delivering significant and noticeable improvements to public services. Most government departments throughout the country have been equipped with sophisticated and high technology equipment in the process of upgrading efficiency in public services.

Measuring an organization’s efficiency is about the relationship between the outputs it produces and the inputs it uses. An efficient organization would be one that produces the maximum possible outputs given its inputs, or one that produces a certain level of output with the minimum amount of inputs.

In these challenging times, with complex customers attitude, excellent delivering capabilities, innovative and efficient distribution network, product development capabilities and customer relationship and care require the ability to harness these different competencies, formulate a coherent enterprise-wide strategy, that is then executed effectively. For that to happen, Social Security Organization (SOCSO) has to look within their organization for the answers.

In this rapid change, where change is the only constant, the successful organizations will be those that are able to recognize and identify the forces of change and how it affects them and make the required internal adjustments in response. In a service organization, it will always be the type of talent that is hired and retained that will make the difference.

The concept of organizational climate has been of considerable importance to the field of organization development. Many organization practitioners use one or more of the many measures of climate as an indicator of organizational health.

In the era of globalization, organizations face strong pressure to be efficient and at the same time produce value added outputs. Through workers, organizations can garner competitive advantage. Committed employees take pride in organizational memberships, believe in the goals and values of the organization, and therefore exhibit higher levels of performance and productivity (Steinhaus & Perry, 1996). Because low productivity,

absenteeism, and turnover, are costly for organizations, it is important for organizations to determine what affects organizational climate and to nurture it.

Satisfaction with job as a significant contributor to organizational commitment has been well documented (for instance, Flynn & Solomon, 1985; Mottaz, 1987; Vanderberg & Lance, 1992; Knoop, 1995; Morrison, 1997; Young et al, 1998; Ebby & Freeman, 1999; Testa, 2001). Hence. Today's managers find it hard to ignore the issue of job satisfaction. This is because employees who are satisfied with their jobs are more likely to be committed to the employing organization. These workers, in turn, are more likely to exert extra effort and make positive contributions to the organization, all of which helps to enhance effectiveness and success.

Organizational climate is the perception of how it feels to work in a particular environment. It is the "atmosphere of the workplace," including a complex mixture of norms, values, expectations, policies, and procedures that influence individual and group patterns of behaviour. It is, in effect, people's perceptions of "the way we do things here." Climate makes a difference. That is, it differentiates levels of performance among organizations.

Furthermore, organizational climate deals with inter-perceptions of employees toward their own organization, hence, different organizations with different practices and procedures will therefore have different climate construct. It will be a challenged to any

organizations irrespective of its industry to have the best organizational climates it is said to be a predictor of organizational effectiveness.

Organizational climate being the predictor of organizational effectiveness is crucial in any organizations. They are considerable diversity in the number and type of dimensions used to explain the climate construct due to the heterogeneous organizations and employee's perceptions of their environment plus the differing practices and procedures used. No doubts each of the different industries has their own organizational climate, but to achieve vision 2020 effectively, an improved strategy of productivity-driven initiatives linked to human resources development must be emphasized. One of the initiatives is a conducive organizational climate.

1.1 Problem Statement

Public services, particularly SOCSO should improve its existing organizational climate towards an open, supportive and friendly work atmosphere, high performance standards, performance-based reward systems, and well defined jobs and policies, coupled with a participative and venturesome leadership style that will likely have a positive impact upon employee's satisfaction. Many of the public sector employees have heavy workload because they have to deal with much paperwork and meeting the high demand of quality services from the public or clients. In addition, the number of claims processed increased in the recent years but the number of employees remains.

Researchers have shown that organizational climate have a significant impact on the individual job satisfaction. As such, what organizational climate dimensions do public sector has? Does organizational climate have an influence on employee's level of job satisfaction? What are the levels of job satisfaction in the public sector, particularly SOCSO? These are the questions that need answers and therefore it is timely to undertake such study and see the underlying climate dimensions and causes of dissatisfactions, if any.

1.2 Research Objectives

1.2.1 General Objectives

The general objective of the study is to examine employees' perceptions on organizational climate in relation to job satisfaction among SOCSO employees in Sarawak.

1.2.2 Specific Objectives

The specific objectives of the study are:

1. to determine the dimensions that constitute the organizational climate constructs in SOCSO offices in Sarawak.
2. to determine the facets that contributes to the perceived job satisfaction level of SOCSO employees.

3. to examine the relationship between the organizational climate and the perceived job satisfaction of SOCSO employees.

1.3 Research Hypothesis

Hypothesis 1: There is a positive relationship between the perceived organizational climate dimensions and SOCSO employees' level of job satisfaction.

1.4 Significant of the Study

Since organizational climate deals with inter-perceptions of employees toward their own organization, different organizations with different practices and procedures will therefore have different climate construct (Muchinsky, 1976). As such, findings from this study will add light as to the climate construct that prevails in the higher education industry. Secondly, as for the higher education institutions, it will be an eye-opener for them to improve or improvised their existing organizational climate towards increment in job satisfaction level of their various employees. Thirdly, the study will further prove that there is a positive relationship between organizational climate and job satisfaction.

Specifically, the findings of this research can be useful to SOCSO top management, to see the underlying logic of its various organizations' activities and better understand the employees' feelings. And it can help SOCSO management evaluate

strategies as to give total job satisfaction to the employees through positive climate changes mentioned earlier.

1.5 Assumptions

Due to the varied disagreement among climate researchers on what actually constitutes the climate construct, various organizational climate instruments were employed and modified. Hellriegel and Slocum (1974), cited in Schnake, 1983 suggested that subjective or perceptual measures were preferable, since organizational climate can be viewed as the employee's subjective perceptions of the work environment.

As such, as noted by La Follete and Sims (1975) and concurred by Muchinsky (1976), current climate questionnaires are a long way from manifesting consistent reliability and validity, as found in the Job Descriptive Index. Due to the heterogeneous organizations and diverse environment that exist, it is assumed that there will be different organizational climate.

In view of this, Muchinsky (1976) suggested factor analysis be routinely employed to determine the climate construct, particularly for organizations that have not been examined before. Last but not least, the organizational climate and job satisfaction models adopted from the western models were assumed to be universal and applicable in

the local context and the climate construct will be assumed to be perceived notions of SOCSO employees in this context.

1.6 Limitation of this Study

The researchers are aware that to get the best and positive reflections of organizational climate and the level of job satisfaction of the whole organization of Sarawak SOCSO offices is to have as perceived views of SOCSO employees throughout the country. Due to high cost of collecting data and time constraints, this study will only involve SOCSO offices in the state of Sarawak. As such, the findings cannot be generated to reflect all employees all over Malaysia. Also, the number of respondents is relatively small about 100 respondents; as such it cannot represent the views of thousands of other SOCSO employees in the country.

1.7 Definition of Terms

1. Organization climate is the perception of how it feels to work in a particular environment. It is the “atmosphere of the workplace,” including a complex mixture of norms, values, expectations, policies, and procedures that influence individual and group patterns of behaviour.

2. Job satisfaction can be defined as a pleasurable or positive emotional reaction to a person's job experiences.

CHAPTER II

REVIEW OF LITERATURE

2.0 Introduction

This chapter attempts to explicate the various concepts related to both the independent and dependent variables of the present study. The independent variables are comprised of the various common dimensions include risk, identity and affective tone toward people; rewards; individual autonomy; accountability; rules orientation; individual performance standard; individual commitment; organizational role; organizational autonomy; and organizational standard. The dependent variables include facet specific job satisfaction.

Conceptualization of organizational climate will be reviewed in the wider perspective. Also reviewed will be the development of climate, the definitions and dimensions of climate. Different conceptualization and factors contributing to job satisfactions will be touched. Review on the empirical studies of the relationship between organizational climate and job satisfaction follows next.

2.1 Organizational Climate

2.1.1 The Development of Organizational Climate

Climate has a long history in the fields of industrial and organizational psychology and organizational behaviour. According to Schneider et al. (1990:14), the earliest explicit reference to the concept of climate occurred in Lewin, Lippit and White's (1933) article on experimentally created "social climate" in boys' group. These authors offered neither definition nor a measure of climate. Fleishman (1953, cited in Schneider et al. 1990:18) discussed leadership climate but left the concept of climate undefined. Argyis (1958, cited in Schneider et al. 1990:18) wrote a paper on climate in a bank but still used the term climate in quotation marks.

McGregor (1960, cited in Schneider et al. 1990:18) conceptualized managerial climate as "the day to day behaviour of the immediate superior and other significant people in the managerial organization". McGregor's designed no quantitative measures of his climate conceptualization. It was not until about thirty years later that Litwin and Stringer (1966, cited in Schneider et al. 1990:18) first comprehensively conceptualized and operationalized climate as it is studied now. They presented a paper at a climate conference. Their paper presented a set of six climate dimensions including structure, reward and warm or support as reported by organization member's perceptions.

Two years later, Tagiuri and Litwin published a book of collected papers. This book explored the nature of the climate construct, its definition and empirical findings. Thus, even though the word climate appeared in 1939, the concept of climate as we know now was not fully explicated until 1968 by Litwin, Stringer and Tagiuri.

2.1.2 Conceptualization of Organization Climate.

Most of the researchers from the field of organizational behaviour have defined climate as the cognitive environment as perceived by members of the organization. James et al. (1990), for example, concurred that individuals have values that influence their cognition of their organization. This cognition of organization yields climate perceptions. Schneider et al. (1990) defined climate as a shared perceptions of organizational policies, practices and procedures, both formal and informal. According to Schneider et al. (1990), climate is a concept that is indicative of the organization's goals and appropriate means to goal attainment. Thus, review of literature showed that organizational climate researchers are interested in organizational members' perceptions of certain properties of their work environment and organization.

Literature showed that definition of organizational climate varies. According to Forehand and Gilmer (1964), climate have been defined as a set of relatively enduring characteristics that describe an organization, distinguish it from other organizations, and influence the behaviour of organization members. Litwin and Stringer (1968, cited in Pincus, 1989) defined organizational climate as a set of measurable properties of the

work environment, perceived directly or indirectly by the people who live and work in this environment and assumed to influence their motivation and behaviour.

However, Pritchard and Karasick (1993, cited in Razali, 1997) viewed climate differently, seeing it as a result of behaviour of organizational members:

Organizational climate is relatively enduring quality of an organization's internal environment distinguishing it from other organizations; (a) which results from the behaviour and policies of members or organizations, especially top management; (b) which is perceived by members of the organization; (c) which served as a basis for interpreting the situation; and (d) acts as a source of pressure for directing activity.

Asforth (1994) cited in Razali (1997) argued that climate is a joint property of both the organization and the individual. This means that climate is the result of interaction between organizational characteristics and its members' behaviour. Schneider and Snyder (1975) have conceptualized organizational climate to be characteristics of organizations which is reflected in the descriptions employees make of the policies, practices, and conditions which exist in the work environment.

Fink et al. (1995) defined organizational climate as a set of attitudes and beliefs relating to the organization that is shared and collectively held by organizational members as a whole. William et al. (1996) defined organizational climate as "the